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Gary Evenson  
Acting Administrator  
Public Service Commission  
P.O. Box 7854  
Madison, WI 53707-7854

**Re: Docket No. 05-TI-824**

Dear Mr. Evenson:

As requested by the July 25, 2003 Notice of Investigation in the above-referenced docket, AT&T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&T") identify themselves as "persons interested in this investigation of the Triennial Review matters."

In addition, as requested by the Notice of Investigation, AT&T provides the following statement of the key substantive issues of concern to AT&T:

- *Economic Impairment* - The ILECs' network architecture provides them with inherently highly preferential access to ILEC monopoly loops, a factor that lies at the heart of CLECs' impairment when they attempt to use non-ILEC switches to serve mass market customers. CLECs' economic impairment is clearly demonstrated by the significant extra costs that CLECs must incur, compared to the ILECs, when they attempt to combine loops and switching to provide a retail local service using a non-ILEC switch. Instead of the simple pair of "jumper" wires that the ILECs use to connect their ILEC loops and switches, CLECs must incur substantial costs for (i) collocation, (ii) collocated equipment needed to digitize, concentrate and multiplex their customers' traffic, (iii) transport to extend that traffic from the serving central office to the non-ILEC switch, and (iv) hot cuts in order to connect the ILEC loops they must use with non-ILEC switches. In addition, CLECs face higher costs to terminate calls. Such economic impairment will continue until the CLECs' total costs for connecting ILEC loops and non-ILEC switches are approximately the same as the ILECs' costs for achieving the same connectivity.

- *Operational Impairment* - The ILECs' current network architecture is also the cause of the CLECs' operational impairment in attempting to serve mass market customers, and the impairment for some types of loops (IDLC) is sometimes greater than the impairment for ordinary all-copper loops. Moreover, ILECs have not developed the processes that cooperating CLECs/DLECs need to be able to provide line splitting using a UNE-L architecture. All current processes for transferring customers' ILEC loops are inherently manual. Such impairment cannot be overcome in the absence of an automated loop transfer process that allows competitively unrestricted numbers of ILEC monopoly mass-market loops to be transferred to non-ILEC switches as quickly and as accurately as customers served by UNE-P can be switched from an ILEC to a CLEC or long distance customers can be transferred between LD providers using the PIC change process.
- *Proof of non-impairment* - Proof of lack of impairment with respect to unbundled local switching for mass market customers should also require evidence of a functioning competitive wholesale market for local circuit switching from multiple suppliers that enables competitive carriers to use monopoly ILEC loops together with competitive switching to provide service. Thus, the mere existence of some forms of local competition that do not make comparable functionalities available to potential entrants to serve mass-market customers does not demonstrate a lack of CLEC impairment. In addition, margin analyses and similar approaches do not provide an accurate view of CLEC impairment. These approaches are not only flawed from an economic perspective, but they also assume away even the potential for competition for a large majority of all local mass market customers.

Finally, as also suggested by the Notice, AT&T makes the following process suggestions:

- The PSC should retain its ability to make decisions under state law.
- The PSC should assure that discovery is reasonably focused, not overly burdensome and limited to relevant issues, and that importation of information from other dockets is subject to appropriate due process.
- We encourage the PSC to coordinate with other states in the region regarding the scheduling of any oral hearings and assure that the proceedings are structured so that no party is required to respond to late-filed testimony.
- The PSC must assure protection of proprietary information, with extraordinary protections as appropriate.

- The burden of persuasion is on the ILEC to demonstrate a lack of impairment, and the PSC should assure that the process binds all similarly situated carriers in the same manner

AT&T looks forward to working with the Commission and its staff in completing this important investigation.

Sincerely,

David J. Chorzempa

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